

Message Text

CONFIDENTIAL

PAGE 01 KUWAIT 03775 01 OF 02 091310Z

47

ACTION PM-04

INFO OCT-01 NEA-10 ISO-00 CIAE-00 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 ACDA-07 IGA-02

OMB-01 TRSE-00 MC-02 AID-05 EB-07 COME-00 EUR-12 /093 W

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R 091043Z AUG 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 5941

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

USINT BAGHDAD

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

SECDEF WASHDC

USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 2 KUWAIT 3775/1

E.O. 11652: GDS

TAGS: MASS, KU

SUBJ: NEW MULTI-YEAR KUWAITI DEFENSE BUDGET: IMPLICATIONS FOR
US MILITARY SALES POLICY

1. SUMMARY: RECENTLY APPROVED \$3 BILLION DEFENSE PROCUREMENT
BUDGET WILL PERMIT KUWAIT TO RESUME EXTENSIVE MILITARY PURCHASES
THROUGH MID-1984. AS IN THE PAST, PRINCIPAL SUPPLIERS PROBABLY
WILL INCLUDE US, UK AND FRANCE, BUT ALLEGED INITIAL DEAL WITH
SOVIETS WOULD GIVE THEM ABOUT 10 PERCENT OF PURCHASES DURING
THIS PERIOD. BULK OF ACTUAL INTENDED KUWAITI PURCHASES STILL
A MYSTERY. THERE IS SOME CAUSE FOR CONCERN THAT, USING AMPLE
BUDGET TO ACQUIRE STILL MORE SOPHISTICATED
WEAPONS SYSTEMS, KUWAIT MOD WILL STRAIN ITS ABSORPTIVE
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PAGE 02 KUWAIT 03775 01 OF 02 091310Z

CAPACITY, RATHER THAN CONSOLIDATING NUMEROUS SYSTEMS

ALREADY PURCHASED BUT NOT ALL DELIVERED. GIVEN
FUNDAMENTAL RATIONALE FOR MILITARY SALES TO KUWAIT,
TO CREATE NEW US POLITICAL INFLUENCE AND LEVERAGE WHERE
LITTLE NOW EXISTS, EMBASSY BELIEVES THAT NEW PROCUREMENT
BUDGET STRONGLY JUSTIFIES OUR POLICY (REFTEL) TO AVOID MAJOR
NEW COMMITMENTS FOR THE PRESENT, SINCE ADDED PURCHASES
FROM OTHER SOURCES WILL MAKE ABSORPTION OF ADDITIONAL US
SYSTEMS STILL MORE DIFFICULT. FURTHER, OUR BEST
INSURANCE AGAINST US SALES CAUSING BILATERAL FRICTION
DUE TO ABSORPTION PROBLEMS WILL BE TO LET KUWAITIS RESOLVE
THESE PROBLEMS AS BEST THEY CAN, TO REFUSE SALES WE JUDGE
DIFFICULT OF ABSORPTION AND TO IMPLEMENT PREVIOUSLY
APPROVED SALES ONLY IN WELL-PLANNED PACKAGES OF TRAINING,
SUPPORT SYSTEMS, AND EQUIPMENT. OTHERWISE, PURCHASES FROM
US COULD NOT ONLY NET US NO POLITICAL GAIN, BUT US COULD
ALSO BE MADE SCAPEGOAT FOR KUWAITI ASPIRATIONS FRUSTRATED
BY SHORTAGES OF MANPOWER AND TECHNICAL SKILLS. END SUMMARY.

2. KUWAITI NATIONAL

ASSEMBLY APPROVED JULY 19 A GENEROUS
DEFENSE PROCUREMENT BUDGET OF 877 MILLION KUWAITI DINARS--
JUST OVER THREE BILLION US DOLLARS. (THIS AMOUNT IS OVER
AND ABOVE MINISTRY OF DEFENSE SINGLE YEAR ROUTINE OPERATING
BUDGET OF ABOUT \$260 MILLION FOR JULY 76 - JUNE 77 PERIOD.)
PROCUREMENT BUDGET FIGURE WAS ARRIVED AT, AS USUAL,
DURING CLOSED SESSIONS OF THE ASSEMBLY AND PRIOR PRIVATE
"HEARINGS" OF ASSEMBLY'S FINANCIAL COMMITTEE. NO
PROCUREMENT BUDGET LINE ITEMS ARE AVAILABLE PUBLICLY,
BUT WE UNDERSTAND THAT BUDGET IS INTENDED TO COVER MOD
PROCUREMENT THROUGH MID-1984. (THE LAST MULTI-YEAR MOD
PROCUREMENT BUDGET OF APPROXIMATELY \$1.5 BILLION WAS
INTENDED TO SUFFICE OVER 1973 - 1980 PERIOD, BUT THE 1973
FUNDS APPARENTLY WERE EXHAUSTED IN THE SPRING OF 1976.)

3. WE HAVE NO CLEAR IDEA YET HOW THE GOK WILL USE THE
BULK OF THE PROCUREMENT FUNDS PROVIDED IN THIS LATEST
BUDGET. WE CAN, HOWEVER, FORECAST SOME PROBABLE AND
POSSIBLE PURCHASES IN THE NEXT FEW YEARS WHICH LOGIC
SAYS IT WOULD PAY FOR. WITH THIS CAVEAT IN MIND, DEPART-
MENT MAY BE INTERESTED IN THE FOLLOWING PRELIMINARY
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PAGE 03 KUWAIT 03775 01 OF 02 091310Z

ESTIMATES OF THE MAJOR MILITARY MATERIEL AND SERVICES
WHICH GOK MAY ACQUIRE WITH MULTI-YEAR PROCUREMENT BUDGET:

A. MILITARY TECHNICAL TRAINING CENTER, WHICH USG HAS
REFUSED TO PROVIDE UNDER FMS, BUT FOR WHICH US PRIVATE
SOURCE MAY YET RECEIVE CONTRACT.

B. NAVY-ASSOCIATED PURCHASES, INCLUDING PATROL BOATS
(FROM AS YET UNKNOWN SOURCE--THE GOK IS NOW RECEIVING
BIDS); MISSILE SYSTEM FOR PATROL BOATS (PROBABLY FRENCH);

HOVERCRAFT (PROBABLY BRITISH); BASIC NAVAL TRAINING (POSSIBLY US) FOR 200 SAILORS; AND PORT EQUIPMENT AND SUPPLIES.

C. GROUND EQUIPMENT, WHICH REPORTEDLY WILL INCLUDE SOVIET TACTICAL MISSILES, MAY INCLUDE SOVIET ANTI-AIRCRAFT GUNS, AND APPARENTLY WILL INVOLVE CONSIDERABLE ADDITIONAL EQUIPMENT AND PRESENCE OF SOVIET PERSONNEL, ALL PART OF ALLEGED \$300 MILLION SALES PACKAGE. OTHER GROUND MATERIEL MAY INCLUDE US-SOURCE EQUIPMENT FOR TWO SELF-PROPELLED HOWITZER BATTALIONS IN ADDITION TO 160 APCS, FOR WHICH FMS CONTRACTS ARE NOW UNDER PREPARATION.

D. NATIONAL COMMAND AND CONTROL SYSTEM OF AS YET UNKNOWN ORIGIN. THE GOK APPARENTLY PLANS TO REQUEST BIDS AND THEN BARGAIN WITH A NUMBER OF PRIVATE FIRMS, PROBABLY INCLUDING US FIRMS, FOR MANUFACTURE AND INSTALLATION OF THIS EXPENSIVE SYSTEM.

4. ADDING TOGETHER ORDER OF MAGNITUDE VALUES OF ITEMS NOTED ABOVE, WE COME NOWHERE CLOSE TO \$3 BILLION TOTAL BUDGET LEVEL. FIGURE MAY INCLUDE CONSIDERABLE SUM FOR MILITARY CONSTRUCTION, INCLUDING NAVAL PORTS, AIRFIELDS AND FACILITIES FOR CONSCRIPTS, AND IT MAY REFLECT KUWAITI EXPERIENCE WITH PREVIOUS MULTI-YEAR BUDGET OF HALF THIS AMOUNT WHICH WAS USED UP IN LESS THAN HALF THE SEVEN YEAR OBLIGATION PERIOD.

5. IN EMBASSY'S VIEW, THE GOK WOULD BE WISE TO DELAY FUTURE PURCHASES OF MAJOR ITEMS OF EQUIPMENT UNTIL ITEMS ALREADY PURCHASED ARE RECEIVED AND ABSORBED INTO KUWAITI MILITARY FORCES. MAJOR ITEMS ORDERED, BUT NOT ALL DELIVERED INCLUDE: MIRAGE, A-4, AND C-9 AIRCRAFT; GAZELLE AND PUMA HELICOPTERS; CHIEFTAIN TANKS; IHAWK; AND TOW. KUWAITI ABSORPTIVE CAPACITY (PARTICULARLY IN AIR FORCE)

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PAGE 04 KUWAIT 03775 01 OF 02 091310Z

IS ALREADY STRAINED AND WILL, IN OUR ESTIMATION, REACH EMBARRASSINGLY CRITICAL POINT IN 1977 WHEN FRENCH AND US AIRCRAFT DELIVERIES ARE IN FULL SWING AND IHAWK PROGRAM IS WELL UNDERWAY. MOREOVER, WE LEARNED RECENTLY THAT, CONTRARY TO OUR EARLIER UNDERSTANDING, AIR FORCE PLANS TO RETAIN ITS OLD BRITISH LIGHTNING FIGHTERS UNTIL 1980, WHICH WILL DELAY NEEDED IMPROVEMENT IN OVERALL KUWAITI AIRCRAFT MAINTENANCE CAPABILITY.

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PAGE 01 KUWAIT 03775 02 OF 02 091259Z

47

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C O N F I D E N T I A L SECTION 2 OF 2 KUWAIT 3775

6. ALSO, SOVIET GROUND EQUIPMENT DELIVERIES IN 1977, IF ANY, ON TOP OF BRITISH CHIEFTAIN TANK DELIVERIES (BEGINNING IN SEPTEMBER 1976) COULD WELL AGGRAVATE ABSORPTIVE PROBLEMS OF GROUND FORCES UNLESS SOVIETS ARE AS CAREFUL AS BRITISH WILL BE TO PREPARE THE KUWAITIS TO RECEIVE NEW MATERIEL. OWING TO LONG LEAD TIMES CONTEMPLATED FOR MAJOR US GROUND EQUIPMENT, WE ARE UNABLE TO ESTIMATE YET THE ABSORPTION PROBLEMS WHICH THE DELIVERY OF SUCH EQUIPMENT WOULD CAUSE--THE POSSIBLE SALE OF EQUIPMENT FOR TWO U.S. SELF-PROPELLED HOWITZER BATTALIONS IS THE LEADING CASE IN POINT. ON THE PLUS SIDE, KUWAIT'S FIRST CONSCRIPTION LAW IS SCHEDULED TO GO INTO EFFECT IN 1977 AND, WE ASSUME, US SELF-PROPELLED HOWITZERS (AND RELATED EQUIPMENT) AND APC'S WOULD NOT BE DELIVERED UNTIL AT LEAST TWO YEARS THEREAFTER.
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PAGE 02 KUWAIT 03775 02 OF 02 091259Z

ON THE OTHER HAND:

A. THERE IS NOW SERIOUS SHORTAGE OF BOTH PEOPLE AND TECHNICAL SKILLS REQUIRED FOR ANY MAJOR NEW GROUND EQUIPMENT;
B. PURCHASE OF MAJOR EQUIPMENT WOULD REQUIRE PERMANENT EXPANSION OF GROUND FORCES WITH LARGE NUMBERS OF RAW RECRUITS;
C. WE ARE NOT PERSUADED THAT GOK IS PREPARED TO MAKE CONSCRIPTION WORK. IT IS ANYBODY'S GUESS WHETHER WHAT WILL BE POLITICALLY CONTROVERSIAL CONSCRIPTION SYSTEM WILL PROVIDE KUWAITI SOLDIERS IN SUFFICIENT NUMBERS, BE STRUCTURED TO RETAIN THEM, OR WILL BE ACCOMPANIED BY MAJOR TECHNICAL TRAINING EFFORT NECESSARY TO ENABLE CONSCRIPTS TO OPERATE AND MAINTAIN EXOTIC PURCHASES FROM VARIOUS SOURCES; AND
D. WE ARE NOT CONVINCED THAT MOD WILL BE ABLE TO ORGANIZE ARMY LOGISTICAL SYSTEM TO SERVICE NEW PURCHASES FROM ALL SOURCES, THOUGH CAREFUL PACKAGING AND IMPLEMENTATION OF US SALES COULD REDUCE LOGISTICAL PROBLEMS PECULIAR TO US EQUIPMENT.

7. UNDERLYING RATIONALE FOR US MILITARY SALES TO KUWAIT IS FUNDAMENTALLY POLITICAL AND BILATERAL--WE NOW HAVE LITTLE LEVERAGE ON GOK AND WE SEEK MORE. HENCE, WE HAVE STRONG INTEREST IN SEEING THAT KUWAITI MILITARY MODERNIZATION PROCEEDS WITH MINIMUM BILATERAL IRRITATION. WE ARE CONCERNED, HOWEVER, THAT KUWAITIS MAY WELL NOT POSTPONE FURTHER MAJOR EQUIPMENT PURCHASES, GIVEN THEIR APPARENTLY AMPLE NEW BUDGET. WE ARE ALSO CONCERNED THAT KUWAITIS' ATTENTION MAY BE TAKEN UP BY GLAMOROUS NEW PURCHASES AND THAT THEY WILL CONTINUE TO HAVE RELATIVELY LITTLE INTEREST IN THE CONSOLIDATION OF THEIR MATERIEL POSITION (INSUFFICIENT ATTENTION TO ADMINISTRATIVE AND LOGISTICAL SYSTEMS, PARTICULARLY PARTS CONTROL, TECHNICAL TRAINING AND BASIC MILITARY CONSTRUCTION NECESSARY FOR PROPER STORAGE, MAINTENANCE AND REPAIR.) OUR BRITISH COLLEAGUES HERE SHARE THESE CONCERNS, AND EVEN THE FRENCH ACKNOWLEDGE THAT THE KUWAIT AIR FORCE WILL HAVE DIFFICULTY MAINTAINING UP TO HIGH STANDARDS THE BULK OF ITS PAST AND CURRENT FRENCH AIRCRAFT PURCHASES WITHIN THE FORESEEABLE FUTURE. THERE IS SOME RISK, THEREFORE, THAT US COULD BECOME A

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PAGE 03 KUWAIT 03775 02 OF 02 091259Z

SCAPEGOAT FOR WHAT SEEMS TO BE DEVELOPING INTO AN INCREASINGLY EXPENSIVE AND PERHAPS EVEN MORE DISORDERLY MODERNIZATION OF KUWAITI FORCES.

8. IN THI SITUATION, WE BELIEVE THAT THE RATIONALE FOR US POLICY ON US MILITARY SALES TO KUWAIT AND THE CENTRAL POLICY PROVIDED REFTEL--NO MAJOR NEW COMMITMENTS IN KUWAIT UNTIL ONGOING PROGRAMS ARE WELL ESTABLISHED--REMAIN

REALISTIC AND VALID. WE ALSO BELIEVE THAT WE SHOULD CONTINUE TO ESCHEW BROAD MILITARY ADVISORY EFFORT IN KUWAIT, THOUGH THE KUWAITIS MIGHT POSSIBLY REQUEST THIS AS THEIR ABSORPTION PROBLEM MOUNTS. (BUT THIS IS THEIR PROBLEM; USG SHOULD MERELY AVOID CONTRIBUTING TO IT.) IN ADDITION, WE WOULD UNDERLINE THE NEED FOR USG TO REFUSE SALES WE JUDGE DIFFICULT OF ABSORPTION AND TO RESOLVE THAT ANY FMS SALES IMPLEMENTED UNDER THIS POLICY WILL BE STRUCTURED ONLY AS FULL COST PACKAGES, INCLUDING ADEQUATE TRAINING AND SUPPORT SERVICES IN ADDITION TO MATERIEL. TO DO OTHERWISE WOULD INVITE LONG-TERM BILATERAL IRRITATION OVER OUR MILITARY SUPPLY RELATIONSHIP -- RATHER THAN POLITICAL GAIN.
MAESTRONE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY BUDGET, MILITARY EXPENDITURES, MILITARY EQUIPMENT, MILITARY SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUWAIT03775
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760305-1138
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760872/aaaacbr.tel
Line Count: 291
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2004 by BoyleJA>; APPROVED <09 JUN 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW MULTI-YEAR KUWAITI DEFENSE BUDGET: IMPLICATIONS FOR US MILITARY SALES POLICY
TAGS: MASS, KU, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006